

## Article - Local Government

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§19–308.

(a) Except as provided in subsection (b) of this section, each bond or tax anticipation note issued in accordance with the charter of the municipality or this subtitle is a pledge of the full faith and credit of the municipality to the prompt payment, from the revenues described in the resolution or ordinance, of the principal of and interest on the bond or tax anticipation note when due.

(b) A revenue bond issued in accordance with the charter of the municipality is not a debt of the municipality to which its faith and credit or taxing power is pledged.

(c) (1) If at the time bonds are issued there is no charter or statutory limit on the power of the municipality to impose property taxes, the pledge under subsection (a) of this section is a covenant by the municipality to impose ad valorem taxes:

(i) on all real and tangible personal property in the municipality that is subject to assessment for unlimited municipal taxation; and

(ii) at a rate and in an amount sufficient to pay the principal of and the interest on the bonds in each year in which any of the bonds are outstanding.

(2) If at the time bonds are issued there is a charter or statutory limit on the power of the municipality to impose property taxes, the pledge under subsection (a) of this section is a covenant by the municipality to impose ad valorem taxes described in paragraph (1) of this subsection within the limits imposed by law.

(d) A charter provision or a statute that establishes a maximum limit on the rate at which a municipality may impose property taxes, or that removes an existing limit, enacted after bonds are issued by the municipality does not affect the covenants of the municipality under subsection (c) of this section with respect to bonds outstanding on the effective date of the charter provision or statute.

(e) (1) A municipality may not issue a bond under the charter of the municipality or this subtitle if, by its issuance, the maximum limits on the power of the municipality to incur debt imposed by charter or statute will be exceeded.

(2) A maximum limit imposed after a bond is issued does not affect the municipality's obligation on the bond.

(3) The obligation of a municipality on an outstanding bond is not affected by the issuance of a bond in accordance with an increase in the maximum limit on the power of the municipality to incur debt, or the removal of an existing maximum limit, enacted after the outstanding bond is issued.

(f) (1) In addition to the pledge of its full faith and credit and taxing power to pay the principal of and interest on bonds, a municipality may secure the payment by the pledge of any other revenues, including:

(i) payments to the municipality from the State or federal government; and

(ii) special benefit assessments, taxes, fees, or service charges.

(2) To the extent that the additional revenues are sufficient in any year to pay the principal of and interest on the bonds to which they are pledged, the municipality is not obligated in that year to impose property taxes also pledged to pay the bonds.

(3) If the additional revenues are sufficient in any year to pay the principal of and interest on the bonds to which they are pledged, the failure of the municipality to impose property taxes in that year is not in breach of any of the municipal covenants described in subsection (c) of this section.

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